

SVM UK OPPORTUNITIES FUND

Short Report



Period to 30 June 2010

Investment Objectives

The objective of this Fund is to achieve above average capital growth over the medium to long-term (although short-term investment opportunities will also be considered) and it aims to outperform the FTSE All-Share Index.

Risk Profile

The Fund is exposed to market risk. It invests in companies outside the FTSE 100 Index which can be less liquid and may carry greater risk and volatility. The Fund is exposed to stockmarket fluctuations.

Distribution

XD date: 31 December

Payment date: 30 April (Accumulation shares)

The following distribution was accumulated over the last accounting period.

Income		
	31/12/09 pence per share	31/12/08 pence per share
UK Opportunities A class	0.5035	1.0909
UK Opportunities B class	1.7690	2.5219

Total Expense Ratio (TER)

The TER shows the annualised operating expenses of the Fund. It does not include transaction expenses.

Fund Total Expense Ratio (p.a.)	Class A Shares	Class B Shares
UK Opportunities Fund	1.93 %	1.18 %

Total Expense Ratio = Total Annualised Expenses / Average Net Asset Value over 6 months X 100

The above figures were calculated by SVM Asset Management using data sourced from the 30 June 2010 Report and Accounts. The figures are intended to provide an indication of the Total Expense Ratio and will vary from year to year.

Fund Performance

Percentage growth for each year to last quarter end	30/06/05 30/06/06	30/06/06 30/06/07	30/06/07 30/06/08	30/06/08 30/06/09	30/06/09 30/06/10
UK Opportunities	+28.3	+29.1	-24.2	-26.4	+40.3

Source: Lipper Hindsight, mid to mid, UK net. Past performance should not be seen as an indication of future performance. All performance data refers to the A (retail) share class.

Comparative Tables

Net Asset Values

	Net asset value of shares £'000	Net asset value in pence per share	Shares in issue
As at 30/06/10			
UK Opportunities A class	44,149	203.7	21,671,111
UK Opportunities B class	13,996	215.9	6,482,434
As at 31/12/09			
UK Opportunities A class	45,541	207.8	21,917,037
UK Opportunities B class	14,163	219.0	6,467,483

Share Price Performance

	Highest share price in pence	Lowest share price per pence	Price as at period end
During period to 30/06/10			
UK Opportunities A class	232.5	195.8	206.7
UK Opportunities B class	245.8	207.1	218.8
During period to 31/12/19			
UK Opportunities A class	223.6	89.38	209.4
UK Opportunities B class	235.5	93.69	220.9

Top 10 Holdings: 30/06/10

%

Valiant Petroleum	6.2
DnB NOR	3.9
Premier Oil	3.8
Innovation Group	3.8
International Power	3.7
Babcock International Group	3.6
Rexam	3.5
Gulfsands Petroleum	3.4
United Business Media	3.2
Nautical Petroleum	3.1
Total	38.3

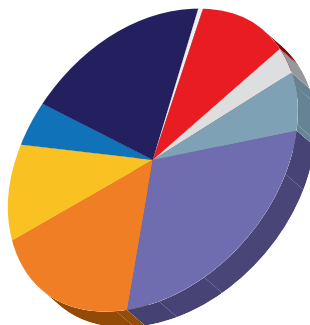
Top 10 Holdings: 31/12/09

%

Spirent Communications	5.0
Valiant Petroleum	4.7
Tullow Oil	4.0
Afren	3.8
Pace	3.8
Shanks	3.8
Experian	3.6
Sevan Marine	3.6
Firstgroup	3.5
Rexam	3.4
Total	39.2

Sector Analysis

	30/06/10	31/12/09
Basic Materials	11.6%	10.1%
Consumer Services	3.2%	6.6%
Financials	6.8%	9.6%
Industrials	25.9%	33.9%
Oil & Gas	18.5%	17.8%
Technology	10.1%	15.6%
Utilities	4.4%	4.1%
Overseas	–	3.6%
Net Current Assets	19.1%	(0.9)%
CFDs	0.4%	(0.4)%



Fund Manager



Neil Veitch

The last six months saw the global economy continue to improve, albeit at a declining rate. With slowing economic momentum and increased concerns over the outlook for the Eurozone, equities endured a volatile time. During this period your fund declined slightly but was significantly ahead of the FTSE-All share which fell 6.15%.

Despite the fund's outperformance the last six months have been rather frustrating. While a number of our holdings have performed very strongly there have been some disappointments. On the positive side our overweight industrials position has proved beneficial with holdings in stocks such as Yule Catto, Melrose and Morgan Crucible appreciating significantly. While we have reduced our cyclical weighting we continue to believe that many of our holdings have considerable upside. Further outperformance has come from our overweight positions in both oil & gas and technology. The funds underweight

stance in mining was also beneficial. In terms of commodities we continue to have a significant preference for oil over base metals.

In our last report we noted that increased M&A activity was likely to be a major driver of returns in the upcoming year. Since then we have seen a flurry of activity with numerous transactions in the FTSE 350 during the first seven months of the year. While it is something of a generalisation, the targeted companies have tended to be international companies with strong market positions. Examples include Chloride, SSL, and Cadbury. At the time of writing the fund has holdings in both International Power and Intec Telecom, which are currently in negotiations with potential acquirers. In addition, both Shanks and Gulfsands rejected approaches on the basis that the proposed price did not reflect the company's prospects. With business confidence recovering we expect M&A activity to continue.

Looking forward, uncertainty is likely to remain a feature of equity markets over the next six months. However, I continue to believe that in the absence of a 'double dip' equities represent good value, particularly against other asset classes.

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Further Information

Further information about the share price, activities and performance of the Fund for this and previous periods, together with related product literature and further information on the Manager can be found on our website at www.svmonline.co.uk

Report and Accounts

This document is a short report for a sub-fund of the SVM Funds ICVC taken from the Report and Accounts for the period ending 30 June 2010. The Long Form version of the Report and Accounts is available on written request to the Marketing Department, SVM Asset Management Limited, 7 Castle Street, Edinburgh EH2 3AH or by e-mail to info@svmonline.co.uk

Investment Warning

Past performance should not be seen as an indication of future performance. The value of an investment may fall as well as rise and investors may not get back the amount originally invested. Currency movements may cause the value of your investment to fall as well as rise. Investing in smaller companies may increase the volatility of your investment.

Contacts

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